

MICHIGAN ECONOMIC INDICATORS

A newsletter on key economic indicators prepared by the Senate Fiscal Agency.

ECONOMIC HIGHLIGHTS



- The U.S. **Consumer Price Index (CPI)** reversed two months of declines by increasing at an annual rate of 8.2% in January from the December level. Prices in every major sector other than recreation rose in January, with energy prices posting the largest increase, rising 5.0% (an annual rate of nearly 80.0%) and accounting for 70.0% of the increase in the overall CPI. However, the food, housing, education and communication, and apparel sectors all rose at an annual rate of at least 3.7% between December and January.
- January **motor vehicle sales** were 2.4% above the December level, and 7.6% above the year-ago level. The increase largely reflected sales of domestic automobiles and imported light trucks, which were 20.4% and 9.9% above year-ago levels, respectively. Sales of domestic light trucks were down 6.8% in January and were only 0.2% above the level in January 2005.
- **Retail sales** rose 2.3% in January from the December level and were 8.5% above the level in January 2005. Year-over-year growth rates were strong in all major sectors, with food and beverage stores and motor vehicle sales showing the weakest growth, at 4.3% and 4.9% growth, respectively. Sales at gasoline stations exhibited the greatest increase of any sector, rising 22.7%, followed by building materials at 14.7%, food service and drinking places at 11.1%, and clothing at 10.0%.
- **Housing starts** rose 14.5% in January from December's level, and were 4.0% above the level in January 2005. January's housing starts were at the strongest level since March 1973 and both the monthly and annual gains were consistent across all regions of the country, although on a year-over-year basis, housing starts were down slightly in the West.



- Michigan's **motor vehicle production** made significant compositional changes in January, with production of automobiles rising 18.3% in January compared with December, while light truck production fell 16.1%. Compared with year-ago levels, automobile production was up 12.0% while light truck production was 22.5% lower. Total vehicle production remained relatively flat between December and January, rising 0.9%, although it was down 5.7% from January 2005.
- **Wage and salary employment** in Michigan fell by 29,000 jobs in January from the December level and was 20,000 jobs below the level in January 2005. Compared with one year ago, employment declined the most in the manufacturing and trade/transportation/utilities sectors and rose the most in the professional/business services sector. On a monthly basis, every sector other than government exhibited lower employment. The 2,000-job increase in the government sector reflected an increase in local government educational employment.
- The **unemployment rate** for Michigan was 6.2% in January, compared with 6.7% in December and 7.0% one year ago. The January unemployment rate was the lowest monthly observation since October 2002. Compared with January 2005, employment was 55,000 jobs higher and 39,000 fewer individuals were unemployed.



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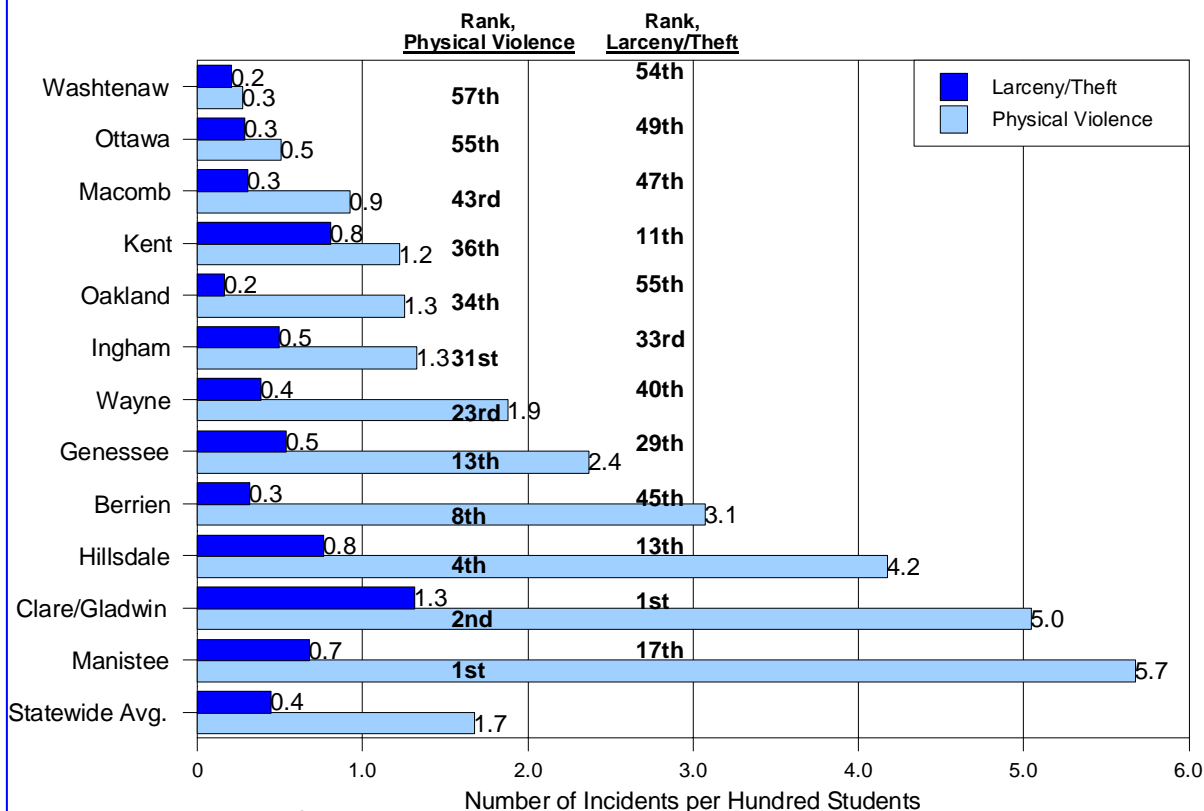
U.S. & MICHIGAN LABOR MARKET NEWS
(Seasonally adjusted, thousands)

U.S.	Feb. 2006	Jan. 2006	Feb. 2005	<u>Change from Jan.</u>		<u>Change from Year Ago</u>	
				Number	Percent	Number	Percent
Labor Force	150,449	150,114	148,271	335	0.2%	2,178	1.5%
Employment	143,257	143,074	140,285	183	0.1	2,972	2.1
Unemployment	7,193	7,040	7,986	153	2.2	(793)	(9.9)
Unemployment Rate	4.8%	4.7%	5.4%	---	---	---	---

Michigan	Jan. 2006	Dec. 2005	Jan. 2005	<u>Change from Dec.</u>		<u>Change from Year Ago</u>	
				Number	Percent	Number	Percent
Labor Force	5,105	5,106	5,089	(1)	(0.0)%	16	0.3%
Employment	4,787	4,764	4,732	23	0.5	55	1.2
Unemployment	318	342	357	(24)	(7.1)	(39)	(11.0)
Unemployment Rate	6.2%	6.7%	7.0%	---	---	---	---

Source: Bureau of Labor Statistics, U.S. Department of Labor

School Safety Incidents By Intermediate School District Region, 2004-05



Note: Rankings out of 57 I.S.D. Regions

Source: Center for Educational Performance & Information

MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	Jan. 2005*	Dec. 2005	Jan. 2005	<u>Change from Dec.</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
Total Nonagricultural Jobs	4,368	4,397	4,387	(29)	(1)%	(20)	(0)%
Goods Producing Industries	869	879	885	(10)	(1)	(16)	(2)
Natural Resources & Mining	8	8	8	0	1	0	0
Construction	189	193	192	(4)	(2)	(2)	(1)
Manufacturing	671	677	685	(6)	(1)	(14)	(2)
Transportation Equipment	236	239	242	(3)	(1)	(6)	(2)
Service Producing Industries	3,499	3,518	3,503	(19)	(1)	(4)	(0)
Trade, Transportation & Utilities	795	804	806	(10)	(1)	(12)	(1)
Information	67	67	68	(0)	(0)	(2)	(2)
Financial Activities	218	219	219	(1)	(1)	(1)	(0)
Professional & Business Services	595	598	590	(3)	(1)	5	1
Education & Health Services	569	570	565	(1)	(0)	4	1
Leisure & Hospitality Services	402	406	401	(5)	(1)	1	0
Other Services	179	180	178	(1)	(0)	2	1
Government	675	673	676	2	0	(1)	(0)

Source: Bureau of Labor Statistics, U.S. Department of Labor * Preliminary

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS						
Industry	<u>Average Weekly Hours</u>			<u>Average Weekly Earnings</u>		
	Jan. 2006	Year Ago	Percent Change	Jan. 2006	Year Ago	Percent Change
Construction	37.2	36.4	2.2%	\$807.61	\$801.16	0.8%
Manufacturing	41.3	41.8	(1.2)	892.49	908.73	(1.8)
Durable Goods	42.2	42.6	(0.9)	978.20	992.15	(1.4)
Motor Vehicle Manufacturing	41.9	45.4	(7.7)	1,314.40	1,429.65	(8.1)
Motor Vehicle Parts Manufacturing	41.4	43.6	(5.0)	1,134.77	1,208.16	(6.1)
Nondurable Goods	38.3	39.0	(1.8)	592.12	597.09	(0.8)
Wholesale Trade	38.3	36.6	4.6	717.74	708.21	1.3
Retail Trade	28.6	28.6	0.0	354.93	342.91	3.5
Grocery Stores	25.7	24.8	3.6	217.94	217.74	0.1
General Merchandise Stores	27.8	27.8	0.0	293.01	289.12	1.3
Information	34.8	36.1	(3.6)	724.54	624.53	16.0
Financial Activities	34.2	33.5	2.1	611.84	557.11	9.8
Prof. & Business Services	34.1	34.0	0.3	641.08	607.24	5.6
Health Care & Social Assistance	34.0	35.2	(3.4)	563.72	537.15	4.9
Leisure & Hospitality	22.4	22.2	0.9	183.90	178.93	2.8
Auto. Repair & Maintenance	34.8	33.5	3.9	545.32	516.57	5.6
Personal & Laundry Services	25.5	26.7	(4.5)	304.73	326.01	(6.5)

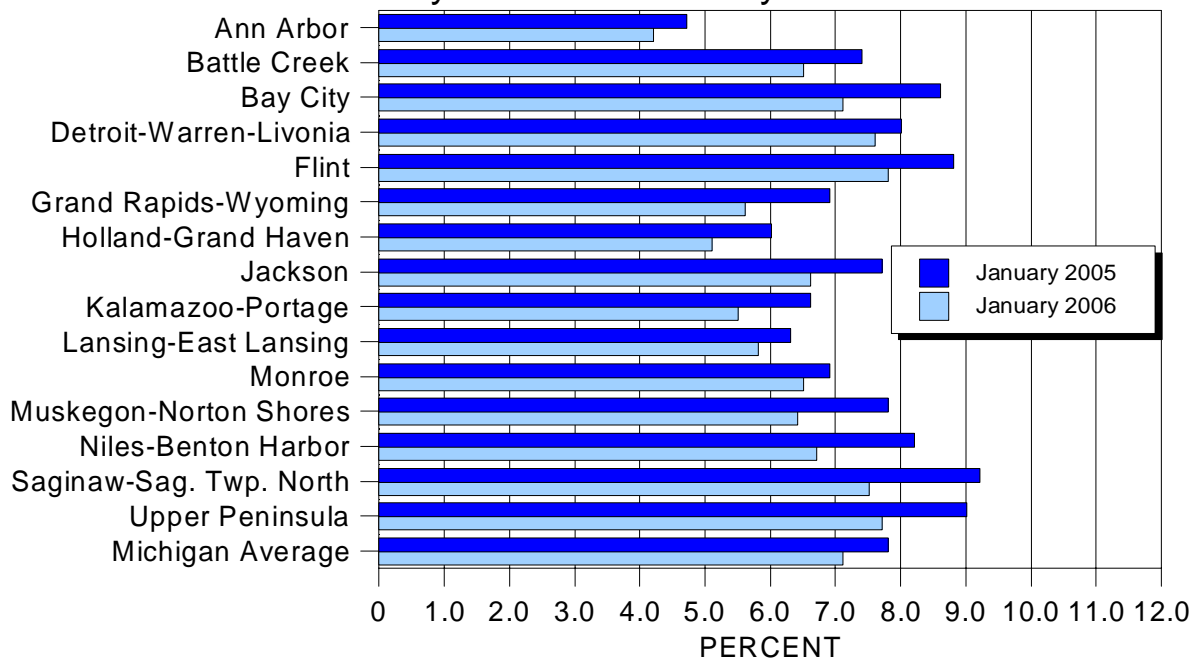
Source: Bureau of Labor Statistics, U.S. Department of Labor

**MICHIGAN UNEMPLOYMENT RATES
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
(Not Adjusted for Seasonal Variations)**

	Jan. 2006*	Dec. 2005	Nov. 2005	Jan. 2005
Metropolitan Statistical Areas				
Ann Arbor	4.2%	3.8%	3.8%	4.7%
Battle Creek	6.5	5.9	5.8	7.4
Bay City	7.1	6.3	5.9	8.6
Detroit-Warren-Livonia	7.6	6.7	6.7	8.0
Flint	7.8	6.9	6.8	8.8
Grand Rapids-Wyoming	5.6	5.3	5.3	6.9
Holland-Grand Haven	5.1	4.7	4.6	6.0
Jackson	6.6	6.1	5.9	7.7
Kalamazoo-Portage	5.5	5.2	4.9	6.6
Lansing-East Lansing	5.8	5.4	5.3	6.3
Monroe	6.5	5.2	5.2	6.9
Muskegon-Norton Shores	6.4	6.2	6.2	7.8
Niles-Benton Harbor	6.7	6.3	6.0	8.2
Saginaw-Saginaw Twp North	7.5	6.8	6.7	9.2
Multi-County Areas				
Northeast Lower Michigan	10.2	8.9	7.4	11.5
Northwest Lower Michigan	7.8	6.9	6.1	8.9
Upper Peninsula	7.7	6.9	6.0	9.0
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	7.1	6.3	6.2	7.8
Source: Michigan Department of Labor and Economic Growth				*Preliminary

Michigan Regional Unemployment Rates

January 2005 and January 2006



Source: Michigan Department of Labor and Economic Growth

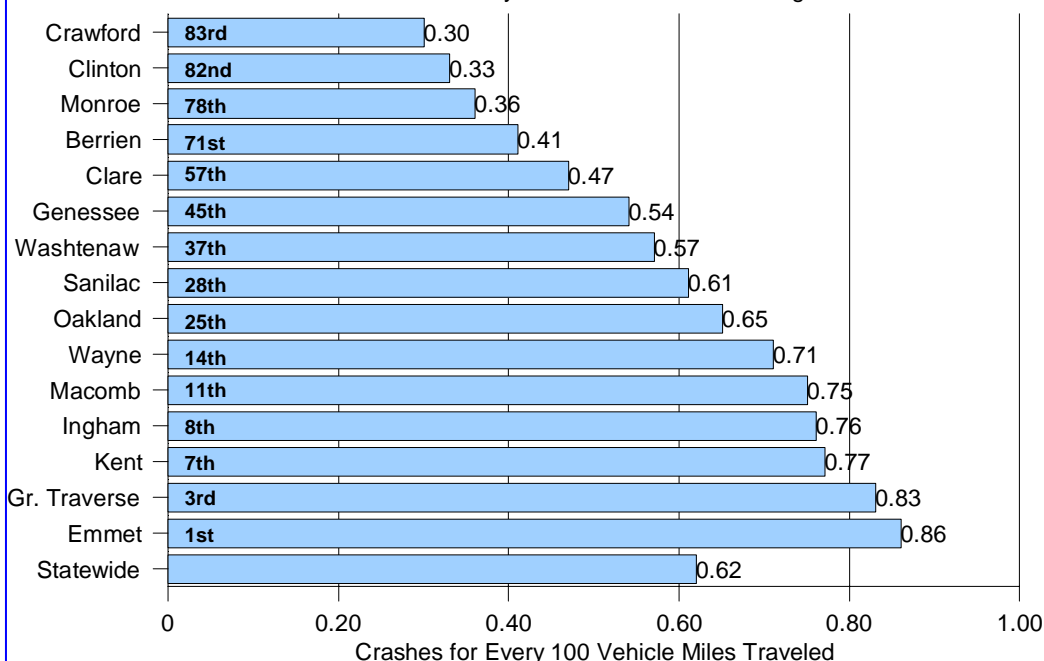
**MOTOR VEHICLE SALES AND PRODUCTION STATISTICS
(Thousands of Units)**

	Jan. 2006	Dec. 2005	Nov. 2005	Oct. 2005	Year Ago Dec.	Percent Change From:	
						Jan./Dec.	Jan. 2006/ Jan. 2005
Motor Vehicle Sales^{1,2)}							
(thousands of units, SAAR)							
Autos	8,560	7,664	7,572	7,325	7,424	11.7%	15.3%
Domestics	6,468	5,545	5,522	5,189	5,374	16.6	20.4
Imports	2,092	2,119	2,050	2,136	2,050	(1.3)	2.0
Import Share	24.4%	27.6%	27.1%	29.2%	27.6%	---	---
Light Trucks	9,018	9,482	8,126	7,374	8,882	(4.9)	1.5
Domestics	7,703	8,263	6,985	6,237	7,686	(6.8)	0.2
Imports	1,315	1,219	1,141	1,137	1,196	7.9	9.9
Import Share	14.6%	12.9%	14.0%	15.4%	13.5%	---	---
Heavy Trucks	527	534	512	489	527	(1.3)	0.0
Total	18,105	17,680	16,210	15,188	16,833	2.4	7.6
U.S. Motor Vehicle Production^{1,2)}							
(millions of units, SAAR)							
Autos	4,633	4,300	4,438	4,404	4,346	7.8	6.6
Michigan Motor Vehicle Production^{2,3)}							
(thousands of units, SAAR)							
Autos	1,329	1,124	1,238	1,142	1,187	18.3	12.0
Trucks	969	1,154	1,061	1,064	1,250	(16.1)	(22.5)
Total	2,298	2,278	2,300	2,206	2,437	0.9	(5.7)
Michigan Production as % of U.S.	19.9%	21.2%	19.0%	18.8%	21.3%	---	---
U.S. Motor Vehicle Inventories⁴⁾							
Total Car	1,360	1,396	1,333	1,233	1,589	(2.5)	(14.4)
Days Supply	56	58	59	54	64	(3.4)	(12.5)
Total Truck	2,247	2,209	2,294	2,150	2,327	1.7	(3.4)
Days Supply	97	71	96	100	72	36.6	34.7

Sources: 1) U.S. Department of Commerce, Bureau of Economic Analysis. 2) SAAR = Seasonally Adjusted at Annual Rates. 3) Michigan Department of Treasury, Office of Revenue and Tax Analysis and the Senate Fiscal Agency. 4) Automotive News, Crain Communications, Inc. (ending inventory)

Vehicle Crashes Per Vehicle Mile Traveled, 2004

Most Tourist Areas and Heavy Commuter Areas Rank Highest



Source: Michigan State Police and Michigan Dept. of Transportation

OTHER KEY ECONOMIC INDICATORS

Variable	Latest Period	Actual Data			Percent Chng From	
		Latest Period	Previous Period	Year Ago	Previous Period*	Year Ago
Weekly Leading Index , monthly ¹⁾ (1992=100)	Feb.	136.5	137.3	133.8	(0.6)%	2.0%
Coincident Index ¹⁾ (1992=100)	Jan.	149.0	148.6	145.3	0.3	2.5
Housing Starts, U.S. ²⁾ (thousands of units, SAAR)	Jan.	2,276	1,988	2,188	14.5	4.0
Retail Sales, U.S. ²⁾ (billions, seasonally adjusted)	Jan.	\$329.0	\$321.7	\$303.1	2.3	8.5
Industrial Production Index ³⁾ (1997=100, seasonally adjusted)	Jan.	110.3	110.5	106.9	(0.2)	3.1
Capacity Utilization ³⁾ (% of total capacity, seasonally adjusted)	Jan.	80.9	81.2	79.8	(0.4)	1.4
Consumer Price Index ⁴⁾ (1982-84=100)						
U.S. (seasonally adjusted)	Jan.	199.0	197.7	191.4	8.2	4.0
Detroit (not seasonally adjusted)	Dec.	192.4	195.1	185.3	(8.0)	3.8
Interest Rates						
3-month Treasury Bill ³⁾	Jan.	4.20%	3.89%	2.32%	---	---
Corporate Aaa Bonds ³⁾	Jan.	5.29%	5.37%	5.36%	---	---
Real Gross Domestic Product ⁵⁾ (billions of 2000 \$, SAAR, Chain-Weighted)	2005 4th Qtr.	\$11,247.6	\$11,202.3	\$10,897.1	1.6	3.2
Michigan Tax Collections ⁶⁾ (12 major taxes, millions)	Feb. 2005	\$1,014.9	\$2,002.0	\$1,011.9	NM	0.3

SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.

Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

*Note: Percent changes from previous period for CPI and GDP at annual rate.

Sources: 1) Economic Cycle Research Institute 2) U.S. Department of Commerce, Bureau of the Census. 3) Board of Governors of the Federal Reserve System. 4) U.S. Department of Labor, Bureau of Labor Statistics. 5) U.S. Department of Commerce, Bureau of Economic Analysis. 6) Michigan Department of Treasury and the Senate Fiscal Agency.

